

RESOURCE SELECTION

Implement regional cost-effective conservation programs to minimize environmental impacts, improve system efficiencies and meet the established system reliability standard. The department should proceed with parallel planning for both conservation programs and new sources of supply.

Philosophy

The department develops a facilities plan which identifies the resources, including demand management programs and new sources of supply, that are planned to meet consumer needs. Two main criteria will be used to select these resources: environmental impacts and cost effectiveness. In addition, coordinating with other suppliers in the area and optimizing system operating flexibility will be vital considerations in planning a reliable and regional system.

In fulfilling its financial responsibilities to rate payers, the department will select resources that are determined to be the best value after considering all factors including cost, operational flexibility, environmental impacts, ease of implementation and others. As a result of considering these factors, the project that costs the least may not necessarily be considered the best project.

As a way of minimizing environmental impacts, including more reliably meeting instream flow requirements, the department will emphasize programs that increase system and customer water use efficiency. The department will endeavor to increase system efficiencies through improvements in operations, and repair and rehabilitation of facilities. Consumer water use efficiency will be achieved through programs and policies designed to reduce inefficient and wasteful uses. These demand management efforts include appropriate pricing, changes in land use and building codes, and demand management programs. The department will also seek to reduce demand through on-site water reuse or wastewater reclamation as that becomes practicable.

In keeping with the parallel planning strategy, resources selected as part of the facilities plan will not necessarily be implemented in sequence. It is expected that preliminary work on more than one resource may be conducted simultaneously, as the department positions itself for possible changing conditions. The facilities plan, therefore, is a guide for future action that is expected to be reevaluated periodically or as conditions affecting feasibility of any particular resource change.

Policy Implementation Guidelines

- (1) In developing a facilities plan, demand management, system efficiency and source options that pass a qualitative screening that includes factors such as cost, environmental impacts, and operational issues will be considered based on the following guidelines:
 - (a) demand management and system efficiency programs will be considered simultaneously with source development projects;
 - (b) source projects that have less environmental impacts will be considered before other source projects;
 - (c) when selecting among cost effective demand management programs and the most environmentally acceptable source projects, avoiding lost opportunities, targeting peak season demands and enhancing operating flexibility will be the priority considerations; and

- (d) all resource options will be evaluated for cost effectiveness based on marginal cost, except for demand management programs, which will be within 110% of the current estimated marginal cost.
- (2) When considering equally preferred alternative facilities plans, the most cost-effective plan will be selected.
- (3) Demand management programs will be considered for all customer groups, but may target specific groups of consumers, assuring equal opportunities for participation by all those within that group.
- (4) The department will conduct research and development on potential demand management programs for possible implementation in the future.